

Message Text

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65

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 ISO-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 /136 W
----- 097960

R 120851Z AUG 76

FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 5170
INFO USMISSION GENEVA
USMISSION OECD PARIS

LIMITED OFFICIAL USE PRETORIA 3578

DEPT PASS USDA WASHDC

E.O. 11652: N/A

TAGS: ETRD, GATT, SF

SUBJ: SOUTH AFRICAN IMPORT DEPOSIT SCHEME (IDS)

REF: STATE 196773

1. US POSITION IN REFTEL WAS SET OUT TO VAN DER WALT, CHIEF OF EXTERNAL TRADE RELATIONS IN SA COMMERCE DEPARTMENT AND REPEATED LATER TO DEPARTMENT OF FOREIGN AFFAIRS. VAN DER WALT ASSERTED, WITH RESPECT TO OUR POINT ON IMF, THAT DEPOSIT SCHEME HAD BEEN FULLY DISCUSSED WITH IMF AND IT WAS ACCEPTED THAT SOMETHING MORE THAN RESTRAINT PROGRAM WAS NEEDED.

2. ON GATT BALANCE OF PAYMENTS COMMITTEE, VAN DER WALT CITED NEW ZEALAND, ITALY AND GREAT BRITAIN AS PRECEDENTS FOR REFERRING CASE TO SPECIAL WORKING GROUP. CLAIMED EC, JAPAN AND NEW ZEALAND HAD MENTIONED EARLIER PRECEDENTS WHEN NEW ZEALAND'S CASE

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CONSIDERED AND GATT DECISION REACHED ON THIS BASIS.

3. IN BOTH COMMERCE AND DFA, OFFICIALS DREW ATTENTION TO CONTINUING DRAIN OF RESERVES. SAID PILING UP OF POLITICAL AND ECONOMIC PROBLEMS HAD BROUGHT SHIFT OF ATTITUDE BY FOREIGN BUSINESS RESULTING IN VIRTUAL DRYING UP OF NEW INVESTMENT. MANY SHORT-TERM LOANS WERE NOW COMING DUE AND RESERVE BANK WAS BY NO MEANS CERTAIN ALL COULD BE TURNED OVER. CURRENT BALANCE OF PAYMENTS DEFICIT, WHICH HAD RISEN FROM NORMAL R800 MILLION IN 1974, TO STILL MANAGEABLE R1600 MILLION IN 1975, AND AT ALARMING ANNUAL RATE OF R2,200 IN FIRST QUARTER 1976, WOULD REACH ANOTHER NEW RECORD WHEN SECOND QUARTER ANNOUNCED. (ONE RAND EQUALS \$1.15.)

4. WE MENTIONED REPORT, WHICH AGRICULTURAL ATTACHE STILL INVESTIGATING, THAT IMPORTS OF BREEDING STOCK HAD BEEN SUSPENDED (TOFAS 56, 8/5/76, RPT STATE 3463). COMMERCE OFFICIALS PROFESSED TO BE UNAWARE BUT FELT CERTAIN BALANCE OF PAYMENTS NOT AMONG MOTIVATING FACTORS.
BOWDLER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 12 AUG 1976
Decaption Date: 01 JAN 1960
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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